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# Brazilian Prosecutors File Charges in Corruption Investigation

Construction Company Executives, Others Allegedly Bribed Officials, Overbilled Petrobras

By Paul Kiernan

Dec. 11, 2014 6:34 pm ET

RIO DE JANEIRO—Brazilian prosecutors on Thursday filed charges against 36 suspects in a corruption investigation alleging construction companies bribed public officials and overbilled state-controlled energy giant Petroleo Brasileiro SA for contracts.

Among those charged were 23 executives from six of the biggest construction companies in Brazil: Camargo Corrêa SA, Engevix, Galvão Engenharia, Mendes Júnior, OAS and UTC Engenharia SA. Also among them were Paulo Roberto Costa, the former director of Petrobras' refining division, and Alberto Youssef, an alleged black-market currency dealer who is accused of distributing the bribe payments.

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Delton Dallagnol, a member of the task force of federal prosecutors leading the investigation, said authorities are seeking to recover at least 1 billion Brazilian reais (\$377 million) through the charges. He also ruled out the possibility of an out-of-court settlement, something that company lawyers proposed to prosecutors in mid-November, shortly before Brazilian Federal Police detained nearly two dozen executives in a wave of arrests.

“[We] will reject and refute any attempt by the companies to protect themselves collectively,” Mr. Dallagnol said in a televised news conference.

The charges filed include corruption, money laundering and organized crime, and, upon conviction, bring stiff sentences. As an example, a suspect convicted on one count of all three charges would face a minimum sentence of 11 years in prison and a maximum sentence of 51 years, Mr. Dallagnol said.

He also reiterated that prosecutors continue to consider Petrobras a victim in the alleged scheme, as it bore the cost of contracts inflated by alleged price-fixing and bribes that ranged from 1% to 5% of the total value of sometimes-massive projects. He said the oil firm deserves “special mention” for cooperating with investigators and responding to “all of our inquiries in record time.”

Camargo Corrêa said, in a statement, the charges filed Thursday will finally allow its executives the “opportunity” to hear all the accusations against them and to present their defense “with the expectation of a fair and balanced trial.”

None of the other firms responded to emailed requests for comment on Thursday.

Lawyers for an executive at Galvão Engenharia previously said their client made illegal payments under pressure, to guarantee that Petrobras would consider the company’s bids. The company said it was cooperating with investigators.

Last month, Engevix’s press office said the company would provide any “clarifications” that authorities requested. Mendes Junior and UTC Engenharia both said they were collaborating with investigations.

OAS hasn’t responded to requests for comment.

Mr. Costa and Mr. Youssef, who were initially arrested in March and detained for months, both entered plea deals with prosecutors and confessed to a variety crimes. Mr. Costa said he took bribes from Petrobras contractors.

Renato Duque, the former director of Petrobras’s services division who left the company in 2012 and was arrested last month but later released, wasn’t charged. Prosecutors said he also accepted bribes but the current crop of charges is focused around Petrobras’s refining division.

Mr. Duque’s lawyers couldn’t immediately be reached for comment. They have previously said he denies participation in the alleged kickback scheme.



Thursday marked the culmination of the latest phase of what many consider to be the largest corruption investigation in Brazilian history. Though prosecutors declined to comment on what future phases of the so-called Operation Car Wash may bring, they have previously said they believe that the alleged kickback scheme exposed in recent months extends far beyond Petrobras.

The accusations have sent shock waves through the country's business and political establishment and nearly cost President Dilma Rousseff her bid for re-election in October as other candidates played up the scandal.

The investigation threatens to create additional challenges for Ms. Rousseff's second term, as her administration is already contending with a weak economy and divided Congress. Witnesses have said the ruling Workers' Party was among the political parties that received some of the kickbacks from the alleged scheme, charges it has denied.

But, in a sign of support for the prosecutors, Brazilian Attorney General Rodrigo Janot appeared alongside the task force at Thursday's news conference and vowed to continue with a "firm" investigation.

"These people really stole the pride from Brazilians," Mr. Janot said of the accused.

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